

NOOKSACK VALLEY SCHOOL DISTRICT No. 506
Whatcom County, Washington
September 1, 1990 Through August 31, 1992

Schedule Of Findings

1. School Enrollment Recordkeeping Procedures Should Be Improved

Our review of the district's student enrollment records disclosed that the district does not have an adequate internal control system to ensure that student enrollment counts claimed are correct. Our testing of the primary school's detailed student count records revealed that these records do not support the student counts presented on the P-223 monthly enrollment reports. Furthermore, we were unable to determine, in a cost effective manner, the magnitude or the direction of the error in the number of students claimed on student enrollment reports.

RCW 28A.150.250 states in part:

... as the superintendent of public instruction may deem appropriate for consideration in computing state equalization support, excluding excess property tax levies, will constitute a basic allocation in dollars for each annual average full time equivalent student enrolled

The district does not have procedures in place to ensure accurate student enrollment reports. Student enrollment reports are used to determine, in part, the amount of state financial assistance. We were unable to determine, in a cost effective manner, if the district received all of the money they were entitled to or if the state provided more support than required.

We recommend that the district establish procedures to ensure accurate reporting of student enrollment.

2. The District Should Install Adequate Internal Controls Over The Associated Student Body (ASB) Activities

Our review of the district's accounting for ASB activities disclosed inadequate internal controls. Specifically, we noted the following internal control weaknesses:

- a. Fund Raisers: Our review of district fund raising activities (e.g., magazine and hat sales) disclosed that there were no accounting controls established or records maintained to ensure that all the moneys had been properly received and remitted intact to the ASB central treasurer. Without these basic records, there are no assurances that all the moneys collected during the fund raising activities were properly remitted to the ASB central treasurer.
- b. Cash Receipting: Our review of the ASB central treasurer's cash receipts noted that the receipt documents do not note the mode of payment (i.e., cash or check). Without this additional safeguard the district is exposed to potential errors and/or irregularities.

RCW 43.09.200 states in part:

The accounts shall show . . . all receipts, vouchers, and other documents kept, or required to be kept, necessary to isolate and prove the validity of every transaction

In addition, WAC 392-138-045 states in part:

The fiscal and accounting records of associated student body program moneys shall . . . be available for examination by the state auditor, and shall be preserved

These procedures have not been performed because the district's ASB advisors did not realize the importance of proper accounting controls to protect district assets. Apparently these procedures have been given lower priority by the staff than other job duties. These conditions increase the risk that errors and/or irregularities are occurring and not being detected in a timely manner, if at all.

We recommend that:

- a. Whenever the ASB conducts fund raisers, official prenumbered receipts should be utilized or if this is impractical, then other methods for a preaudit and control of the revenues should be established. When goods or other tangible items are being sold, an inventory method is strongly recommended.
- b. All receipt documents issued by either the ASB central treasurer or for individual activity transactions should note mode of payment (cash or check) to help ensure that proper accountability has been maintained. Additionally, the ASB central treasurer should agree the composition of the moneys remitted by the various activities to the underlying receipts to ensure proper accountability.